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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #01229-85
6 March 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: George Kolt
National Intelligence Officer for Europe

SUBJECT: The Polish Situation

1. On 1 March 1985 I convened an interagency meeting to discuss what seems to me to be a new stage in the Polish crisis. Having proven since December 1981 that it can crush any frontal challenge, the government appears unable to move beyond this negative program to begin recreating a social compact and a more viable economy. Further, it has not been able to eliminate a widespread underground opposition. These failures are making the government appear incapable of dealing with Poland's longer-term problems, thus further encouraging the opposition, creating discord within the regime about what should be done, and apparently preoccupying Moscow as well. The attached report is based on the interagency discussion.

2. As you will see, Poland may well reach an important new juncture around the middle of 1986 when a Party congress must be held and Jaruzelski's party-military hybrid will be subject to increased internal strains and heightened Soviet attention. I believe it may be worthwhile to do a new estimate on Poland early next year, that is, sometime before Poland reaches this new juncture. (The last estimate on Poland was published in September 1982.) By that time, we will have new information that will better allow us to determine the longer-term viability of Jaruzelski's ruling structure: the Sejm elections will have been held (which will give us an idea of whether this regime will ever be able to work out a social compact that does not rely solely on coercion); most important, a new leadership will most likely be in place in Moscow and

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influencing Warsaw by policies and pressures that may differ from those of the Chernenko regime. I will be consulting closely with my Community colleagues on the desirability and timing of a new NIE and will keep you apprised.


George Kolt

Attachment:
As stated

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Poland: Three Years After the Imposition of Martial Law

1. Overview. Jaruzelski continues to be unable to stifle the influence of the Church or Solidarity but simultaneously rejects any role for them in arranging a genuine national reconciliation program. His regime, moreover, is still divided over economic policy and is unable systematically to implement an economic reform program, as shown by the vacillations over the price hikes of last week.

2. Jaruzelski's Performance Under Pressure. In some respects Jaruzelski's recent actions appear less sure-handed than in the earlier post-martial law phase. The attacks on the Church during the trial of Father Popieluszko's murderers undid any credit he earned for holding that embarrassing and unprecedented public process. His partial retreat from major price-hikes in favor of a stealthy, partial approach also left an image of indecisiveness. Clumsy handling of the issue left most of the credit for defending consumer interests with Solidarity. The treatment of the US Attache and his wife similarly revives questions whether he has enough control over the regime's police thugs to assure that there will be no new embarrassments like the Popieluszko case. (We think that Warsaw approved broad outlines for a "spy-catching" incident but that local police excesses created a more serious chain of events that narrowed the follow-on options available to Jaruzelski.) In sum, the regime appears to be playing ineptly to many different audiences. Currently it is concentrating on pleasing the Soviets and the more extreme regime members.

3. Down the Road. Several events could increase the strains between the regime and the opposition.

- Price hikes on meat due in July are likely again to test the authorities' resolve and ability to carry out unpopular austerity measures.
- The Sejm elections in October also are shaping up as a new test of wills. Solidarity has announced a boycott strategy and chances are that the Church might support the boycott if the regime continues to use its current heavy-handed tactics.
- Towards the end of the year, an intra-party scramble for political position will begin as preparation for the July 1986 party congress gets under way. Analysts have already noted increasing signs of friction between military men in civilian slots and party officials anxious to reclaim these posts and the attendant perks.

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In short, the prospects through the end of the year appear to indicate more stress and little progress in the regime's consolidation program.

4. The Soviet Role. Soviet expectations and intentions are major unknowns. Moscow is apparently expending considerable effort to re-indoctrinate the party at the working levels through increased visits, training programs and the like. Reports suggesting Soviet instigation of the harder line against Solidarity and the Catholic clergy appear credible.

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5. The Opposition. Solidarity is remarkably active but still struggling to find a program for meaningful actions that does not push the regime too far. For now, Walensa is pursuing high-visibility but modest-impact tactics in testing Jaruzelski's range of tolerance.

- After some initial vacillation, Walensa called a fifteen-minute strike over programmed price hikes on 28 February. He stressed a "no damage to the economy" line in such actions but, politically, the strike call was a test of the regime's will. Jaruzelski blinked and this is a boost for Walensa.
- Solidarity still maintains an extensive underground publishing effort and also now tackles human rights issues. The latter tactic is both eye-catching and ties the organization more closely to Church and intellectual interests.

In general, Solidarity is making gains in recovering from the heavy blows of 1981 and 1982. As it does, the old differences on tactics and strategy may return. Moreover, the regime is keeping up the pressure: it has four leaders in jail now and another three--including Walensa--face pending charges. For the immediate future, therefore, Solidarity is likely to see its task as the recreation of an organization able to coordinate nation-wide activities that influence the government without provoking massive repression.

6. The Church, as usual, gains strength during the government's prolonged stalemate in developing a social compact. With no "give" from regime on the horizon, activist younger clergy are providing a credible

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outlet for involvement by Polish intellectuals and youth that is hard to suppress. Resulting regime pressures against the Church now go beyond polemics but Warsaw, so far, is careful to avoid making new martyrs. The authorities do, however, obstruct clerics' travel to Rome on Church business and ignore the protests and appeals for talks from the Church hierarchy. These tactics tend to push the Church and Solidarity closer together and leave Cardinal Glemp little choice but to side with younger clerics who seem to have Vatican support.

7. The Economy. Although statistics--such as an apparent five percent increase in real income last year--suggest progress, the economy is plagued by the usual shortages, structural distortions and, of course, a crushing debt burden. No major improvement through reforms seems likely soon. Warsaw faces a \$1 billion shortfall in debt repayments this year and, even if it begins talks soon with the IMF on membership terms and a standby loan, no agreement seems likely before early 1986.

8. Relations with the US. The chill following the defense attache incident has deepened and appears likely to hold for some time.

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As for the US, it will place the recently negotiated civil air agreement on hold for a while but then sign it. [REDACTED]

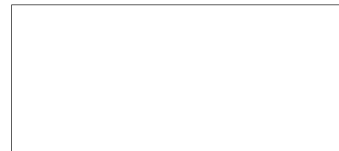
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[REDACTED] Other issues are being put on indefinite hold. The talks on a new science and technology agreement are suspended and there is obviously no intention to grant Poland MFN status again or new credits any time soon.

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